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Korea, Republic of

Grain and Feed

Increased Import of Steamed Rice

2004

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Report Highlights:

Despite a government stranglehold on virtually all rice imports, Korean companies have found a way to import steamed rice from China. In what appears to be a reaction to farmer complaints, the Ministry of Agriculture and Forestry recently focused a special investigation on detecting violations of Korean country of origin labeling regulations on imported of steamed rice.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1]
[KS]

Unlike imports of virtually all other rice and rice products which are subject to strict controls in Korea, steamed rice can be freely imported by private traders under HS 1904.90.1000. Korean rice imports since the end of the Uruguay Round in 1995 have been conducted by the Korean government under a minimum market access (MMA) quota which allows Korea to maintain domestic rice prices at levels nearly five times higher than the international rice market. Steamed rice imports enter the Korea market at prices well under domestic rice prices even though they are subject to a temporary adjustment of 50 percent. The bound tariff rate was established during the Uruguay Round at 54 percent.

Imported in partially cooked and dried form, steamed rice is used in the food service industry for rice dishes including rice rolls. Imports of steamed rice increased sharply in 2003 to 8,199 MT; more than 10 times steamed rice import levels in the mid-nineties. Most Korean steamed rice imports originate in China.

Korea rice processors who are not qualified to receive government-held imported rice are the major steamed rice importers. Only members of the Korea Rice Foodstuffs Association (KRFA) are eligible to obtain rice imported under the MMA quota. Processors use steamed rice to produce rice-based flour, cake, and confectionary products. Demand from processors for steamed rice has been augmented by demand from the food service sector for use in company canteens and restaurants.

In addition to demand from processors, some traders have imported steamed rice to market directly to consumers through retail channels as either 100 percent-steamed rice or 70 percent steamed rice mixed with local rice. Steamed rice mixed with local rice is marketed as having a better taste. Retail prices of steamed rice are around 20,000 to 30,000 Korean Won (US\$ 16.99 – US\$ 25.48) compared with 47,000 Korean Won (US\$ 39.93) per 20-kilogram bag for domestic local rice.

When Korean rice producers became aware that imported steamed was being marketed directly through retail channels to consumers, they criticized the government for failing to exclude steamed rice from the Korean market during the Uruguay Round and have called for barriers against steamed rice imports. In reaction to producer complaints, the National Agricultural Products Quality Management Service (NAQS) under the Ministry of Agriculture and Forestry (MAF) increased scrutiny of country of origin labeling requirements on imported steamed rice and detected some cases where imported rice had incorrect country of origin labeling. The Korean Food and Drug Administration detected residue of bleaching powder in some imported steamed rice.

For January-June 2004, steamed rice imports have jumped to 5,623 MT, up 40 percent over same period of 2003.

Korea: Steamed Rice Imports by Year (Unit: US\$ 000, MT)		
Calendar Year	Value	Volume
1996	999	742
1997	5,098	6,693
1998	2,528	3,767
1999	2,036	4,300
2000	2,792	6,525
2001	2,791	7,330
2002	2,326	6,371
2003	2,788	8,199

Source: Korea Trade Information Services (KOTIS)

Korea: Steamed rice imports for January-June in CY 2003 & 2004 (Unit: US\$ 000, MT)				
Month	CY 2003		CY 2004	
	Value	Volume	Value	Volume
January	254	652	229	583
February	209	575	185	553
March	211	680	422	1,240
April	250	697	187	525
May	222	639	347	1,068
June	263	778	510	1,654
Total	1,409	4,021	1,880	5,623

Source: Korea Trade Information Services (KOTIS)

Korea: Steamed rice imports by country (Unit: MT)									
Country	1996	1997	1998	1999	2000	2001	2002	2003	2004 a/
China	190	3,772	2,402	3,473	5,777	6,665	5,991	7,942	5,451
Australia	0	0	0	13	0	0	39	174	32
Taiwan	0	0	0	3	13	25	47	53	42
Thailand	142	1710	313	415	420	335	101	18	52
USA	409	897	266	0	0	0	0	0	34
Spain	0	199	0	397	264	256	193	0	0
Other	1	115	786	2	51	49	0	11	12
Total	742	6,693	3,767	4,300	6,525	7,330	6,371	8,199	5,623

a/ : (January – June)

Source: Korea Trade Information Services (KOTIS)